

Message Text

LIMITED OFFICIAL USE

PAGE 01 DAKAR 05321 01 OF 02 061043Z

ACTION AF-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 CIAE-00
INR-07 NSAE-00 AID-05 SIL-01 LAB-04 OPIC-03 XMB-02
/041 W

-----009076 061050Z /12

P 051708Z AUG 77

FM AMEMBASSY DAKAR

TO SECSTATE WASHDC PRIORITY 0534

LIMITED OFFICIAL USE SECTION 1 OF 2 DAKAR 5321

AF/W FOR DALTON KILLION

E.O. 11652: N/A

TAGS: EINV, BBAK, SG

SUBJECT: MATERIAL SYSTEMS CORPORATION (MASYDA)

REF: (A) DAKAR 091, (B) 75 DAKAR 1568

1. SUMMARY: IN RESPONSE TO INQUIRY FROM DAVID MORSE, EMBASSY HAS CONFIRMED THAT INQUIRIES INTO FINANCIAL TRANSACTIONS CONCERNING PARTIALLY AMERICAN OWNED MASYDA FACTORY IN DAKAR HAVE BEEN INITIATED BY COMMISSION DE VERIFICATION DES COMPTES DE CONTROLE DES ETABLISSEMENTS PUBLIQUES. MEANWHILE, LOCAL PRESS IS PUBLICIZING "BANKRUPTCY" OF MASYDA AND RAISING QUESTIONS INTO MOTIVES AND GOOD FAITH OF AMERICANS AND OTHERS INVOLVED. EMBASSY RECOMMENDS THAT AF/W ADVISE DAVID MORSE THAT HE CONTACT DAKAR CITIBANK MANAGER BENEVILLE IN NEW YROK AUGUST 8-10 TO DISCUSS IMPLICATIONS DIRECTLY WITH HIM.
END SUMMARY.

2. SEVERAL DAYS AGO I RECEIVED PHONE CALL FROM DAVID MORSE CONCERNING MASYDA LAMINATED BUILDING PANEL FACTORY IN DAKAR FREE TRADE ZONE IN WHICH MATERIALS SYSTEMS CORP (MSC) OF CALIFORNIA HOLDS 40 PERCENT SHARE. (SEE REFTELS FOR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DAKAR 05321 01 OF 02 061043Z

UNHAPPY HISTORY OF THIS UNDERTAKING.) MORSE SAID HE HAD RECEIVED CALL FROM ELY JACOBS OF MATERIALS SYSTEMS, WHO WAS CONCERNED THAT GOS SUPREME COURT, POSSIBLY IN RESPONSE TO INTEREST FROM PRIME MINISTER'S OFFICE, HAD BEGUN INVESTIGATION OF MASYDA'S 1975 FINANCIAL DEALINGS, AND WAS ASKING CITIBANK TO PROVIDE COPIES OF RECORDS OF RELEVANT ACCOUNT THERE. JACOBS INDICATED HE WAS CONCERNED THAT INQUIRY AND OTHER

PROBLEMS WERE CAUSING "PROBLEMS IN THE MONEY MARKET." MORSE ASKED ME IF EMBASSY COULD LOOK INTO THE MATTER ON THIS END.

3. DISCUSSION WITH ACTING MANAGER OF CITIBANK DAKAR BROUGHT OUT FOLLOWING INFORMATION, PROVIDED TO EMBASSY ON CONFIDENTIAL BASIS: MASYDA (OR PERHAPS MSC) OPENED ACCOUNT IN CITIBANK'S BRANCH AT 55 WALL STREET, MANHATTAN ON JULY 14, 1975 WITH \$6 MILLION. THIS ACCOUNT WAS CLOSED ON FEBRUARY 14, 1977. ON JUNE 29, 1977 MR. PICHON OF GOS COMMISSION DE VERIFICATION DES COMPTES DE CONTROLE DES ETABLISSEMENTS PUBLIQUES (CVCCEP) WROTE LETTERS ON GOS SUPREME COURT STATIONERY TO CITIBANK NEW YORK AND TO ALBERT ASHER (FRENCH PARTNER OF MATERIALS SYSTEMS IN MASYDA) REQUESTING THAT THEY PROVIDE RECORDS OF MASYDA TRANSACTIONS WHICH TOOK PLACE IN JULY 1975. CITIBANK DAKAR RECEIVED COPIES OF BOTH LETTERS. THE KEY TRANSACTION OF INTEREST APPEARS TO BE A WITHDRAWAL OF \$1.38 MILLION IN JULY, 1975.

4. EMBASSY EARLIER REPORTED (REF B) THAT GOS WAS LESS THAN ENCHANTED WITH MASYDA'S PERFORMANCE, AND APPARENT INVESTIGATION SHOULD THUS NOT COME AS TOTAL SURPRISE. MASYDA'S DIFFICULTIES WERE HIGHLY VISIBLE EMBARRASSMENT TO GOS SINCE FIRM WAS ONLY PLANT OPERATING IN DAKAR FREE TRADE ZONE WHEN IT OPENED, AND LATTER PROJECT HAS BEEN A HEAVILY PROMOTED GOS EFFORT TO ATTRACT FOREIGN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 DAKAR 05321 01 OF 02 061043Z

INVESTMENT. EMBASSY IS NOT INFORMED OF FINANCIAL ARRANGEMENTS MADE AFTER EARLIER BANKRUPTCY OF MASYDA (REF A), BUT JULY ISSUE OF LE POLITICIEN, AN INDEPENDENT MONTHLY HIGH IN CONTENT CRITICAL OF GOS, DEVOTED FULL PAGE TO THE "FAILLITE DE MASYDA" IN WHICH AMERICAN COMPANY AND ASHER ARE PORTRAYED AS BEING IN COLLUSION TO DEFRAUD SENEGAL. ARTICLE DESCRIBED ELECTRICITY BILLS AND WORKERS AS BOTH GOING UNPAID AND ALLEGES THAT FIRM'S 150 EMPLOYEES NOW ARRIVE EACH DAY NOT TO OPERATE PLANT BUT SIMPLY TO PUT IN THEIR "PRESENCE." AN EXCERPT: "IN THE BEGINNING THERE WAS AN AMERICAN GROUP, A FRENCH BUSINESSMAN MR. ALBERT ASHER, A LUXEMBOURG FINANCIAL GROUP, PETRO-DOLLARS AND SENEGAL. IT SEEMS THAT THE AMERICANS HAD DISCOVERED A REVOLUTIONARY PROCESS FOR THE CONSTRUCTION OF PRE-FABRICATED HOMES. THIS IS A SIGNIFICANT POINT. ONE WONDERS WHY THE AMERICANS INSISTED ON MAKING A GIFT OF THIS SUPERB PROJECT TO SENEGAL. AMERICANS ARE NOT KNOWN AS PHILANTHROPISTS AND THE INCENTIVES OFFERED BY THE DAKAR FREE TRADE ZONE ARE NO BETTER THAN THOSE FOUND ELSEWHERE." AND LATER IN ARTICLE: "THE AMERICANS HAVE FEATHERED THEIR NESTS. SOME SAY THAT THEY WERE GIVEN A HIGH COMMISSION (ON THE EQUIPMENT THEY SOLD TO

THE PLANT), EVEN EXCEEDING THEIR CAPITAL INVESTMENT IN THE COMPANY. SENEGAL IS LEFT WITH A BANKRUPT COMPANY, AND WITH EQUIPMENT SO EXTRAORDINARY AND REVOLUTIONARY THAT IT MAY BE IMPOSSIBLE TO FIND ANYBODY TO BUY IT."

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 DAKAR 05321 02 OF 02 060918Z
ACTION AF-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 CIAE-00
INR-07 NSAE-00 AID-05 SIL-01 LAB-04 OPIC-03 XMB-02
/041 W

-----007226 061050Z /12

P 051708Z AUG 77
FM AMEMBASSY DAKAR
TO SECSTATE WASHDC PRIORITY 0535

LIMITED OFFICIAL USE SECTION 2 OF 2 DAKAR 5321

AF/W FOR DALTON KILLION

5. WHILE WE WANT TO BE AS HELPFUL AS POSSIBLE TO MORSE, EMBASSY IS HESITANT TO APPROACH SENEGALESE GOVERNMENT ON SENSITIVE MATTER UNLESS OUR INTERVENTION IS CLEARLY DESIRED BY INTERESTED AMERICAN PARTIES. IN ANY CASE, SBECAYE SENEN MASYDA CHAIRMAN AND ADVISOR TO MINISTER OF FINANCE, WITH WHOM WE HAVE DISCUSSED CASE IN PAST (REF A), IS CURRENTLY ON EXTENDED LEAVE. SUGGEST THAT AF/W DISCUSS MATTER WITH MORSE, DESCRIBING ADVERSE PUBLICITY CURRENTLY CIRCULATING IN DAKAR, CONFIRMING INFORMATION THAT INQUIRY IS BEING CARRIED OUT BY CVCCEP, AND SUGGESTING THAT MORSE MIGHT MAKE DIRECT CONTACT WITH MANAGER OF CITIBANK DAKAR BRANCH PETER T. BENEVILLE, (WHO WILL BE AT BANK'S NEW YORK HEADQUARTERS AUGUST 8 TO 10) TO DISCUSS IMPLICATIONS DIRECTLY WITH HIM. (MORSE PRESUMABLY ALSO HAS HIS OWN CHANNELS FOR PURSUING CASE WITHIN GOS.)

6. PLEASE NOTE THAT CITIBANK DAKAR, IN BENEVILLE'S ABSENCE, WAS QUITE OPEN IN DISCUSSING MATTER WITH EMBASSY, AND INFORMATION IT PROVIDED SHOULD BE REFERRED TO WITH DISCRETION. EMBASSY WILL REPORT ANY FURTHER BACKGROUND WHICH WE CAN UNEARTH DISCREETLY AND WILL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DAKAR 05321 02 OF 02 060918Z

SEEK GENERAL UPDATE ON MASYDA FROM SENE AFTER HE
RETURNS.

GALANTO

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTIGATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977DAKAR05321
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770282-0900
Format: TEL
From: DAKAR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770894/aaaadble.tel
Line Count: 178
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 55017061-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 DAKAR 91, 75 DAKAR 1568
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1702023
Secure: OPEN
Status: NATIVE
Subject: MATERIAL SYSTEMS CORPORATION (MASYDA)
TAGS: EINV, BBAK, SG, US, MASYDA
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/55017061-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009